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Country: Colombia

Subject: General Economic Report (Money/Trade/Production)

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1. "Foreign Exchange Reserves Increase: The gold and dollar reserves of the Central Bank amounted on 13 March [1953] to US\$161 million, exclusive of Colombia's US\$12.5 million deposit with the International Monetary Fund, but including US\$9 million in special funds not taken into account in figures mentioned in our March and earlier [reports]. The buying and selling rates for the US dollar continue at P.2.50 and P.2.51 respectively with a special rate of P.2.31025 for the coffee-export dollar. The premium on export rights has been quoted recently at P.0.85, and the unofficial, or street, rate for dollars is about P.3.00.
2. "Foreign Trade: Export licenses approved in 1953, to 12 March, totalled US\$98 million with coffee accounting for about 95%. Import permits issued during the same period totalled US\$95 million, including US\$19.8 million issued to official and semi-official entities. Remittances in payment of imports are practically up-to-date.
3. "Coffee Sales at High Level: Coffee sales contracts registered during the first 12 days of March totalled 533,000 bags (60 kilos) for a value of US\$39.5 million. Sales contracts for the year to 12 March reached 1,773,000 bags for a value of US\$131.5 million compared with 1,048,000 bags and US\$79.5 million during the same period in 1952. The recent elimination of ceiling prices in the US created a large demand for export coffee in Colombia at a time when practically all existing stocks were in the hands of the Coffee Federation. This entity has reportedly sold over 500,000 bags from its inventory, drawing stocks down to the lowest level in recent years. To curb speculation in the product, the Colombian Government has named a three-man commission to scrutinize all sales contracts and report to the Government on the trend of coffee sales abroad. Its members are: Minister of Finance, Manager of the Coffee Federation and Chief of Exchange Control.
4. "General Business Conditions: Economic activity continues good, aided by recent substantial sales of coffee at prices higher than heretofore obtained. There is, however, some fear of further inflation as a consequence of this sharp increase in income, and prices, especially those for consumer goods, are again rising. If this trend continues, the authorities may do-

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decide to adopt special measures to curb it, such as restrictions on credit and on public expenditures. Nevertheless, prospects for the year are viewed with optimism. Collections continue to be paid satisfactorily.

5. "1952 Exchange Statistics: The Exchange Registry Office has released statistics of exchange movement in the year 1952 and comparisons with the years 1951 and 1950. Some of the principal items are listed below:

<u>Millions of Dollars</u>				
<u>1950</u>	<u>1951</u>	<u>1952</u>		
<u>Incoming Exchange Purchased</u>				
Exports				25X1A2g
Coffee	287	365	379	
Bananas	10	10	12	
Platinum	1	2	2	
Gold produced	13	15	15	
Capital imported				
Petroleum industry	22	22	28	
Other industries	--	19	11	
Loans	8	4	2	
Miscellaneous	22	23	30	
<u>Total</u>	<u>363</u>	<u>460</u>	<u>479</u>	
Excess Incoming Exchange (f)				
*Exchange Rem. Auth. (-)	-27	/ 2	/20	

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<u>Millions of Dollars</u>			
<u>1950</u>	<u>1951</u>	<u>1952</u>	
<u>*Exchange Remittances Authorized</u>			
Imports			
Regular			(316
Compensation trade) 312	361	(28
Government	12	29	31
Debt service			
Public	12	13	17
Private	5	1	5
Travelers abroad	8	14	12
For. capital repatriation	4	1	2
For. capital earnings	5	7	9
Royalties	4	4	3
Miscellaneous	28	28	36
<u>Total</u>	<u>390</u>	<u>458</u>	<u>459</u>

6. "Stock Exchange Prices Firm: The stock market continued strong during March with good volume and generally higher prices. The recent optimism is attributed to expected active business generated by the good coffee sales. Dividends declared so far have been at least equal to last year with moderate increases in selected issues.
7. "Compensation Trade Agreements: Columbia and Argentina are working on an agreement calling for US\$25 million in trade each way. The details have not yet been made public. A Spanish trade mission is now also in the country seeking an agreement between Spain and Colombia.

8. "Petroleum Production: During the month of January 1953, the production of petroleum was 3,319,000 barrels of which 2,548,000 were exported. Propane gas production during the same month was 304,400 gallons. Petroleum refinery capacity, existing and under construction, is inadequate for growing domestic requirements. The Government would like to have private interests construct, finance and operate the needed expansion, estimated to cost US\$30 million, and have it in operation by 1958.
9. "Electric Power Expansion Encouraged: Recognizing the need to expand electric power output greatly and desiring to encourage private capital to take the initiative, the Government has issued a decree exempting electric power public service entities from customs duties on machinery and equipment imports and from taxes other than income tax. To the extent that the amount of income tax is ploughed back in additional plant capacity, the Government will postpone collection of that tax up to twenty years with interest at 3% per annum.
10. "Public Works Program: According to press reports, the Departamento (State) of Atlantico, of which Barranquilla is the capital, is planning a public works program to cost P.100 million.
11. "National Income Up: It is estimated that the national income for 1952 was P.6 billion compared with P.5.5 billion for 1951 and P.1.9 billion for 1945."

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